

The **U.S. Department of Justice announced** on February 4, 2014 that JPMorgan Chase will pay \$614 million for violating the federal False Claims Act by knowingly originating and underwriting non-compliant mortgage loans submitted for insurance coverage and guarantees by the Department of Housing and Urban Development (HUD), Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA). The case was handled by the U.S. Attorney's Office for the Southern District of New York. As part of the settlement, JPMorgan Chase admitted that for more than a decade it approved thousands of FHA loans and hundreds of VA loans that were not eligible for FHA or VA insurance because they did not meet applicable agency underwriting requirements. JPMorgan Chase further admitted that it failed to inform the FHA and the VA when its own internal reviews discovered more than 500 defective loans that never should have been submitted for FHA and VA insurance. Beginning as early as 2002, JPMorgan Chase falsely certified that loans it originated and underwrote were qualified for FHA and VA insurance and guarantees. As a result of those misrepresentations, both the FHA and the VA incurred substantial losses when unqualified loans failed and caused the FHA and VA to cover the associated losses. The allegations were initially set forth as part of a whistleblower lawsuit under the False Claims Act.

The Department of Justice suit against JPMorgan Chase is a part of efforts by the Financial Fraud Enforcement Task Force, which was created in November 2009 to pursue an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorney's Offices, and partners with the states, it is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Over the past three years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants, including more than 2,700 mortgage fraud defendants. The settlement resolves allegations in a complaint filed by a private whistleblower.